
Reliance Textile Industries Limited

Reliance Textile Industries Limited

Annual Report 1977-78

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BOARD OF DIRECTORS:

DHIRUBHAI H. AMBANI, *(Chairman & Managing Director)*
RAMNIKLAL H. AMBANI, *(Joint Managing Director)*
K GOPAL RAO
JAYANTILAL R. SHAH
MANSINGH L. BHAKTA
K. S. SHENOY *(Nominee Director)*
NATVARLAL H. AMBANI, *(Executive Director)*
RAMANLAL C. PATEL, *(Executive Director)*
RASIKLAL L. MESWANI, *(Executive Director)*
MUKESH D. AMBANI

SECRETARY:

VINOD M. AMBANI

BANKERS:

SYNDICATE BANK
BANK OF BARODA
CANARA BANK
STATE BANK OF INDIA
GRINDLAYS BANK LTD.
ANDHRA BANK LTD.
INDIAN OVERSEAS BANK

SOLICITORS & ADVOCATES:

KANGA & CO.
DAVE & CO.

AUDITORS:

RAJENDRA & CO.
CHATURVEDI & SHAH

REGISTERED OFFICE:

COURT HOUSE,
DHOB TALAO,
TILAK MARG,
BOMBAY 400 002

MILL :

103/106, NARODA INDUSTRIAL ESTATE,
AHMEDABAD 382 330

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Reliance Textile Industries Limited

FINANCIAL SUMMARY:

Rs. in Lakhs

	1977-78 (15 Months)	1976-77	1975-76 (15 Months)	1974-75	1973-74	1972-73
Sales	12,367.85	6,872.59	6,398.64	4,770.04	3,079.47	1,973.81
Other Income	198.11	204.78	235.54	122.96	82.51	141.14
TOTAL (A)	12,565.96	7,077.37	6,634.18	4,893.00	3,161.98	2,114.95
Materials (Cost of Sales)	8,477.81	4,933.45	4,727.33	3,518.86	2,346.79	1,670.36
Salaries	428.52	228.10	194.04	124.80	80.22	56.31
Excise Duty	375.51	209.25	207.31	120.48	39.45	44.52
Stores, Dyes & Chemicals	555.34	326.97	302.55	227.24	106.85	104.62
Interest	494.91	275.06	269.57	211.92	126.68	80.97
Other Expenditure	1,218.77	671.96	590.65	416.45	215.42	158.31
Net Loss on Export of Art Silk Fabrics of previous year/or Cost of Export Incentives	—	—	169.16	180.79	227.61	108.26
	11,550.86	6,644.79	6,460.61	4,800.54	3,143.02	2,223.35
Less: Loss on Export of Art Silk Fabrics recoverable against Export Incentives	—	—	—	—	180.79	227.61
TOTAL (B)	11,550.86	6,644.79	6,460.61	4,800.54	2,962.23	1,995.74
Operating Profit (A-B)	1,015.10	432.58	173.57	92.46	199.75	119.21
Add: Provision for Doubtful Debts no longer required	1.26	—	—	—	—	—
TOTAL (C)	1,016.36	432.58	173.57	92.46	199.75	119.21
Depreciation	339.73	134.51	114.10	42.41	28.15	23.55
Investment Allowance Reserve/ Development Rebate Reserve	240.00	75.00	—	18.30	11.50	26.50
Provision for Taxation	20.00	5.00	—	10.00	—	0.03
Dividend	166.28	89.27	17.85	—	4.50	—
Preliminary and Development Expenses written off	—	—	0.45	—	—	—
TOTAL (D)	766.01	303.78	132.40	70.71	44.15	50.08
Net Profit TOTAL (C-D)	250.35	128.80	41.17	21.75	155.60	69.13
Transfer to General Reserve	250.30	128.75	41.15	6.00	155.60	69.12
Surplus as per Profit & loss Account	0.05	0.05	0.02	15.75	—	0.01
Dividend declared/recommended	166.28	89.27	17.85	15.30	6.75	—

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Rs. in Lakhs

	1977-78	1976-77	1975-76	1974-75	1973-74	1972-73
1. WHAT THE COMPANY OWNED:						
1. Fixed Assets:						
Gross Block	3,090.58	1,699.92	1,278.90	973.75	694.48	531.00
Less: Depreciation	587.21	248.47	114.10	134.08	92.32	64.34
NET BLOCK	2,503.37	1,451.45	1,164.80	839.67	602.16	466.66
2. Investments	3.84	0.38	0.31	0.27	0.27	0.25
3. Net Current Assets (Excess of Current Assets, Loans and Advances over Current Liabilities and Provi- sions)	2,278.01	942.18	739.85	513.81	803.48	514.86
TOTAL	4,785.22	2,394.01	1,904.96	1,353.75	1,405.91	981.77
2. WHAT THE COMPANY OWED:						
4. Secured Loans	2,950.35	1,376.30	1,157.05	802.01	892.71	642.40
5. Unsecured Loans	390.41	63.55	27.53	0.78	10.04	8.30
TOTAL	3,340.76	1,439.85	1,184.58	802.79	902.75	650.70
3. NET WORTH OF THE COMPANY:						
6. Share Capital	625.11	595.11	595.11	170.00	80.00	75.00
7. Share Application Monies	—	30.00	—	—	—	—
8. Reserves & Surplus	819.35	329.05	125.27	380.96	423.16	256.07
TOTAL	1444.46	954.16	720.38	550.96	503.16	331.07

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DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting the 5th Annual Report, together with the Audited Statement of Accounts for the period ended 31st December, 1978.

FINANCIAL RESULTS:

	1977-78 (15 Months) Rs. in lakhs	1976-77 (12 Months) Rs. in lakhs
Gross Profit for the period	1015.06	436.02
Of the above, following provisions and/or appropriations have been made:		
a) Depreciation	339.73	134.51
b) Investment Allowance Reserve	240.00	75.00
c) Taxation	20.00	5.00
d) Doubtful debts	—	3.46
	<u>599.73</u>	<u>217.97</u>
There remains a balance of	415.33	218.05
Adding thereto:		
Provision for doubtful debts written back	1.26	—
Balance brought forward from previous year	<u>0.05</u>	<u>0.02</u>
	<u>1.31</u>	<u>0.02</u>
	416.64	218.07
LESS:		
(1) Interim Dividend (subject to deduction of tax) at Rs. 1.25 per share on 59,51,100 equity shares of Rs. 10/- each	74.39	—
(2) Recommended Dividend:		
a) Preference Shares (subject to deduction of tax) at Rs. 8.77 per share on 30,000 11% Cumulative Redeemable Preference Shares of Rs. 100/ each	2.63	—
b) Equity Shares (Subject to deduction of tax) at Rs. 1.50 per share on 59,51,100 equity shares of Rs. 10/-each (previous year Rs. 1.50)	<u>89.27</u>	<u>89.27</u>
	<u>166.29</u>	<u>89.27</u>
Retained Profits	250.35	128.80
Less: Transferred to General Reserve	250.30	128.75
Leaving Balance to be carried forward to next year's accounts	<u>0.05</u>	<u>0.05</u>

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DIVIDEND:

An interim Dividend of Rs. 1.25 per share (subject to deduction of tax at source) on 54,51,100 equity shares of Rs. 10/- each was declared and paid out of the profit of the current period.

Your Directors now recommend for consideration at the Annual General Meeting, declaration and payment of following dividend (subject to deduction of tax at source):

Preference Shares

On 30,000 11% Cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up, at the rate of 11% per annum from 16th March 1978 to 31st December 1978 at Rs. 8.77 per share Rs. 2,63,100/-

Equity Shares

Final Dividend at Rs. 1.50 per share on 59,51,100 equity shares of Rs. 10/- each, fully paid Rs. 89,26,650/-

OFFER FOR SALE:

In order to meet the stipulation of the Financial Institutions, the promoter-shareholders released 28.20 lakh Equity shares of Rs. 10/- each for cash at par, vide 'Offer for Sale' dated the 24th October, 1977. Further one lakh equity shares of Rs. 10/- each for cash at par have been released to a Company incorporated under Section 25 of the Companies Act 1956, viz., "Reliance Employees' Welfare Association" formed for the purpose of the welfare of the Company's employees after obtaining the necessary permission from the Stock Exchange and appropriate authorities in this respect.

The Company has contributed, during the current year, for the welfare of the employees, an amount of Rs. 10.00 lakhs to the said Reliance Employees' Welfare Association, to enable them to buy, from the promoter shareholders, one lakh equity shares of the Company at Rs. 10/- each for cash at par.

CHANGE OF ACCOUNTING YEAR:

During the year the Company has changed its accounting year ended 30th September 1978 to 31st December 1978. Accordingly, the accounts are for a 15-months period.

EXPANSION:

The Company has completed, as per schedule, its expansion programme as reported in the last year.

The Company has taken on hand the setting up of a new unit for manufacture of man-made fibre yarn on the worsted system at the existing site of the Plant.

The total Cost of this project is estimated at Rs. 18.50 crores. Effective steps have already been taken by the Management to implement this project and the same is expected to be completed during the current year.

FINANCE:

As mentioned in the last Report, the Company has issued and allotted 30,000 11% Cumulative Redeemable Preference Shares of Rs. 100/- each to the General Insurance Corporation of India and its subsidiaries.

The Company has availed of term loans/guarantees sanctioned by the Financial Institutions to meet the requirements of its last expansion, excepting Rs. 27 lakhs to be received on execution of the mortgage in favour of the Life Insurance Corporation of India and the Unit Trust of India. The same is being completed shortly.

The Financial Institutions have agreed to exercise their right to convert upto 20% of the loan amount aggregating Rs. 470 lakhs sanctioned by them for the last expansion programme, into equity shares of the Company of the face value of Rs. 94 lakhs at par during the period from 1st October, 1978 to 30th September, 1980. The necessary approval of the Members is being obtained at the ensuing Annual General Meeting.

In order to finance the import of machinery, the Company has also obtained a term loan of Rs. 200 lakhs from its bankers under the new scheme of the Reserve Bank of India for import of capital goods.

To meet the existing requirements of the Stock Exchange, it is proposed to issue Equity Shares as "Right Shares" to the shareholders (other than the promoter-shareholders) of Rs. 64,78,320/- at a premium of Rs. 15/- per share, subject to the approval of the Controller of Capital Issues in the proportion of 4 equity shares of Rs. 10/- each for every 25 equity shares held in the Company. An application in this respect is being made to the Controller of Capital Issues. The necessary Resolution will be placed before the Members for sanction at the ensuing Annual General Meeting. The amount of this Right Issue will be utilised to finance the expansion programme as mentioned below.

To meet the cost of the present expansion scheme of the Worsted Spinning Plant, the Financial Institutions have approved:

- a) Foreign Exchange Loan of Rs. 411 lakhs.
- b) Rupee Loan of Rs. 300 lakhs
- c) Public Issue of partially Convertible Redeemable Debenture of Rs. 700 lakhs.
- d) Right Issue of a minimum of Rs. 63 lakhs (face value).

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The balance of the cost will be met out of the premium on the Right Issue and internal cash accruals.

PRODUCTION:

During the financial year, production of crimped and twisted yarn has been stepped upto 2761 tonnes from 1763 tonnes during the previous year. Similarly, manufacture of finished fabrics has been stepped upto 238.46 lakhs metres from 133.81 lakhs metres during the previous year. Due to continuous research and development, your Company has been able to further improve the quality of its products. The Company expects a substantial increase in its production in the current year by virtue of its enhanced production capacity on account of the recent completion of the expansion programme.

SALES:

The net turnover during the financial year under review has increased to Rs. 120.11 crores from Rs. 66.93 crores in the previous year. The increase in the turnover is due to the completion of the last expansion programme and the general acceptance by the public of the quality products of the Company.

In order to cater to the increasing demands of the consumers for the Company's products, your company has undertaken a massive programme of opening retail outlets throughout the country.

EXPORTS:

The Company has been able to improve its exports during the financial year to Rs. 1227 lakhs on f.o.b. basis as against Rs. 621 lakhs on f.o.b. basis during the previous year. The Company continuous to show outstanding performance on the export front. During the year, the Company received Special Awards for highest export performance for the years 1975-76 and 1976-77 from the Silk an(i Rayon Textiles export Promotion Council. The Company continues to maintain its premier position in exports in the country and continues to further explore fresh avenues for its products in the international market.

DEPOSITS:

During the year, the Company has accepted, for the first time, fixed deposits from its Shareholders and the Public, under the Companies (Acceptance of Deposit) Rules, 1975 and has received deposits amounting to Rs. 3.19 crores within a period of five months. Your Directors appreciate the confidence the Shareholders and the general public continue to place in your Company.

There are no unclaimed deposits outstanding as on 31st December, 1978, and the Company has complied with all the requirements prescribed under the Companies (Acceptance of Deposit) Rules, 1975.

DIRECTORS:

During the year, the General Insurance Corporation of India has nominated its Managing Director, Shri K. S. Shenoy, on our Board, on behalf of the Financial Institutions.

Your Directors are pleased to have Shri K. S. Shenoy on the Board and appreciate the valuable guidance received during the year.

Shri K. Gopal Rao and Shri K. C. Patel retire by rotation and, being eligible for re-appointment, offer themselves for re-election.

The terms of appointment of the Managing Director, the Joint Managing Director and the Executive Directors were approved by the Central Government under Sections 269, 198(4) and 309(3) of the Companies Act, for a period of two years which expired on the 28th February, 1979. Your Directors have re-appointed them at their meeting held on the 23rd February 1979. The necessary approval of the members in this respect is being obtained at the ensuing annual general meeting.

PARTICULARS OF EMPLOYEES:

Information, as per sub-section 2(a) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the financial year ended 31st December 1978, has been given in the Annexure to this Report.

GRATUITY:

The Company has a Gratuity Fund for its employees duly approved of by the Commissioner of Income-tax. Actuarial valuation of gratuity liability has been worked out as at 31st December 1978, amounting to Rs. 16,30,400/- and the Company has deposited the necessary amount with the Trustees of the said Gratuity Fund.

INSURANCE:

The buildings, plant and machinery, stores and spares, stock of raw-materials, stock of finished materials, etc., wherever necessary and to the extent required, have been adequately insured.

AUDITORS:

The Members are requested to appoint Auditors for the current year and to fix their remuneration. Messrs, Rajendra & Co. and Messrs. Chaturvedi & Shah, the existing Auditors have, under Section 224(1) of the Companies Act, 1956, furnished certificate of their eligibility for reappointment. As the accounts are for a period of 15 months, the Members are requested to approve the pay-

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ment of Rs. 7,500/- to each of the Auditors, being proportional remuneration for 3 months of October, 1978 to December, 1978.

APPRECIATION

Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by the

Executives, Staff and the Workers of the Company for its successful working.

Attention of the Members is invited to items of the Notice of the Annual General Meeting setting out the material facts covering special items of business.

On behalf of the Board of Directors,

DHIRUBHAI H. AMBANI

Chairman

Place: BOMBAY,

Date: 3rd April 1979.

AUDITORS REPORT

To
The Shareholders,

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED, as at 31st December 1978 and also, the annexed Profit & Loss Account of the Company for the period ended on that date and have to observe as under:

Attention is invited to the Notice appearing in the Schedules and to the Notes forming part of the accounts.

Subject to above, we report that:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper Books of Accounts as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit and Loss Account dealt with by the Report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:-
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December 1978; and
 - ii) in the case of the Profit and Loss Account of the 'Profit' for the period ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such check as we consider appropriate, we further report that:-

- i) The Company has maintained records showing quantitative details of plant and machinery, land and buildings, and vehicles only. In our opinion, these records require to incorporate various information as required by item No. 4(A) (i) of the said order and the same need to be made upto-date. We are informed by the management that they have carried out physical verification of fixed assets except furniture and fixtures and factory equipments during the accounting period and that no serious discrepancies were noticed on such verification as compared with the available records.
- ii) None of the Fixed Assets have been revalued during the period.
- iii) Physical verification was conducted by the management once during the period in respect of finished goods, stores, spare parts and raw materials. The discrepancies on such verification as compared to book records were insignificant and the same have been dealt with in the books of account. In our opinion, the valuation of the above mentioned stock is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
- iv) We are informed by the management that the Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 and 370 (1-C) of the Companies Act, 1956 or which are otherwise companies under the same management.
- v) Loans and Advances in the nature of loans have been given to employees only. The loans are being free of interest and the terms of repayment of loans in a few cases are not separately specified. The recovery of the principal amount was not regular in few cases and in some of the cases there were no recovery at all. In some cases, some of the employees have left the

Reliance Textile Industries Limited

services from whom loans are to be recovered. We are informed that necessary steps are being taken by the management for recovery thereof.

- vi) On the basis of selective checks carried out during the course of audit and according to the information and explanation given to us there is adequate internal control procedure commensurate with the size of the Company for the purchase of raw materials and plant & machinery. As far as other items are concerned, the internal control procedure requires further improvement.
- vii) We are of the opinion that the prices paid for the purchases of raw materials and dyes and chemicals in excess of Rs. 10,000/- in value from firms or Companies or other parties in which the Directors are interested, as provided in Section 299 of the Companies Act, 1956, are reasonable as compared to the prices of similar items as per price quotation of other parties considering the fact that for certain specialised items alternative sources were, we are informed, not readily available. As far as conversion jobs done for the Company by another Companies in which directors are interested are concerned, the Company has not got it done similar work from others and as such comparison of rates is not possible. We are informed by the management that charges so paid are reasonable having regard to the nature and quality of work involved.
- viii) According to the information and explanations given to us, the Company has not determined itemwise unserviceable or damaged stores and materials, dyes and chemicals and packing materials at the end of the accounting year. As explained to us, the quantum of loss, if any, being not of any significant value, no provision is made in the accounts for the loss.
- ix) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 58-A of the Companies Act, 1956 and the Rules made thereunder, with regard to the Fixed Deposits accepted from the public.
- x) According to the information and explanations given to us, the Company has no by-products. The Company is, in our opinion, maintaining reasonable records of the sale of waste produced by it; however, there are no records for collection of waste from time to time.
- xi) The internal audit system introduced by the Company in past require further improvement commensurate with the size and nature of the business of the Company. We have been informed by the management that appropriate steps are being taken by the Company in this regard.
- xii) Maintenance of cost records has not been prescribed by the Central Government U/S. 209(1) (d) of the Companies Act, 1956 for any of the products of the Company.
- xiii) According to the records of the Company, Provident Funds dues have been regularly deposited during the period with the appropriate authorities.
- xiv) In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the period, therefore, no provision for any loss is required to be made in the accounts.

For **RAJENDRA & CO.**
Chartered Accountants

R. J. SHAH
Proprietor

BOMBAY
Dated 3rd April, 1979

For **CHATURVEDI & SHAH**
Chartered Accountants

D. CHATURVEDI
Partner

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BALANCE SHEET AS AT 31ST DECEMBER, 1978

FUNDS EMPLOYED	Schedule	As at 31st December, 1978		As at 30th September, 1977	
		Rs.	Rs.	Rs.	Rs.
1. Share Capital			6,25,11,000		5,95,11,000
2. Share Application Monies			—		30,00,000
3. Reserves & Surplus	'B'		8,19,34,725		3,29,04,825
TOTAL SHAREHOLDERS' FUNDS			14,44,45,725		9,54,15,825
4. Secured Loans	'C'		27,79,28,160		11,00,59,917
5. Deferred Payment Liabilities	"		1,71,06,736		2,75,70,227
6. Unsecured Loans	'D'		3,90,41,889		63,54,881
			47,85,22,510		23,94,00,850
FUNDS APPLIED					
7. Fixed Assets	'E'		25,03,36,958		14,51,44,752
8. Investments	'F'		3,84,100		37,850
9. Current Assets, Loans & Advances:					
a) Current Assets	'G'	33,44,26,012		17,48,41,677	
b) Loans & Advances	'H'	1,64,15,661		91,28,234	
			35,08,41,673		18,39,69,911
less: Current Liabilities & Provisions	'I'	12,30,40,221		8,97,51,663	
			22,78,01,452		9,42,18,248
			47,85,22,510		23,94,00,850
NOTES & CONTINGENT LIABILITIES	'N'				

As per our Report of even date

For **RAJENDRA & Co.,**
Chartered Accountants,

R. J. SHAH.
Proprietor

For **CHATURVEDI & SHAH,**
Chartered Accountants,

D. CHATURVEDI.
Partner.

V. M. AMBANI
Secretary

D. H. AMBANI
Chairman & Managing Director

R. H. AMBANI
Joint Managing Director.

K. GOPAL RAO
J. R. SHAH
M. L. BHAKTA
K. S. SHENOY
N. H. AMBANI
R. C. PATEL
R. L. MESWANI
M. D. AMBANI } Directors

BOMBAY:
Dated: 3rd April, 1979.

BOMBAY:
Dated: 3rd April, 1979

Reliance Textile Industries Limited

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST DECEMBER, 1978

INCOM E	Schedule	Current Period (15 Months)		Previous Year	
		Rs.	Rs.	Rs.	Rs.
Sales (Less: Returns, Rebates, Excise Duty, Sales Tax etc.)		120,10,90,985		66,93,43,861	
Profit on Sale/Discarding of Assets (Net)		1,66,205		2,04,78,207	
Other Income	'J'	1,96,44,839		73,43,534	
Increase in Stocks	'K'	7,39,32,658			
			129,48,34,687		69,71,65,602
EXPENDITURE:					
Purchases		32,90,15,141		21,88,40,584	
Manufacturing & Other Expenses	'L'	81,45,57,022		40,68,72,029	
Interest	'M'	4,94,90,618		2,75,05,653	
Depreciation		3,39,73,123		1,34,50,636	
Directors' Fees		11,000		750	
Remuneration to:-					
Managing Directors		1,20,000		96,000	
Executive Directors		1,35,000		1,08,000	
Loss on sale and/or discarding of assets (Net)		—		1,41,774	
Provision for Doubtful Debts		—		3,45,687	
Provision for Taxation		20,00,000		5,00,000	
			122,93,01,904		66,78,61,113
PROFIT FOR THE PERIOD			6,55,32,783		2,93,04,489
Add: Balance as per last Balance Sheet			4,825		1,986
Provision for Doubtful Debts no longer required			1,25,742		—
			6,56,63,350		2,93,06,475
APPROPRIATIONS:					
Interim Dividend paid (on Equity Shares)		74,38,875		—	
Proposed Dividend (on Preference Shares)		2,63,100		—	
Proposed Dividend (on Equity Shares)		89,26,650		89,26,650	
Transfer to General Reserve		2,50,30,000		1,28,75,000	
Transfer to Investment Allowance Reserve		2,40,00,000		75,00,000	
			6,56,58,625		2,93,01,650
SURPLUS CARRIED TO BALANCE SHEET			4,725		4,825
NOTES & CONTINGENT LIABILITIES	'N'				

As per our Report of even date

For **RAJENDRA & Co.,**
Chartered Accountants,

For **CHATURVEDI & SHAH,**
Chartered Accountants,

V. M. AMBANI
Secretary

D. H. AMBANI
Chairman & Managing Director

R. J. SHAH.
Proprietor

D. CHATURVEDI.
Partner.

R. H. AMBANI
Joint Managing Director.

K. GOPAL RAO
J. R. SHAH
M. L. BHAKTA
K. S. SHENOY
N. H. AMBANI
R. C. PATEL
R. L. MESWANI
M. D. AMBANI

} Directors

BOMBAY:
Dated: 3rd April, 1979.

BOMBAY:
Dated: 3rd April, 1979

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

SHARE CAPITAL:

Authorised:

80,00,000	Equity Shares of Rs. 10/- each	8,00,00,000
1,00,000	11% Cumulative Redeemable Preference Shares of Rs. 100/- each	1,00,00,000
10,00,000	Unclassified Shares of Rs. 100/- each	1,00,00,000
		<u>10,00,00,000</u>

As at
30th September,
1977
Rs.

8,00,00,000

1,00,00,000
1,00,00,000
10,00,00,000

issued & Subscribed:

59,51,100	Equity shares of Rs. 10/- each fully paid up. (Of the above Equity Shares 59,50,000 shares are allotted as fully paid-up, pursuant to the scheme of amalgamation,, without payment being received in cash).	5,95,11,000
30,000	11 %Cumulative Redeemable Preference Shares of Rs.100/- each fully paid-up (Redeemable before Fifteen years but not earlier than Twelve years.)	30,00,000
		<u>6,25,11,000</u>

5,95,11,000

5,95,11,000

SCHEDULE 'B'

RESERVES & SURPLUS:

i) Development Rebate Reserve: (As per last Balance Sheet)

84,10,000

84,10,000

ii) General Reserve:

As per last Balance Sheet

1,69,90,000

41,15,000

Add: Amount transferred from
Profit & loss Account

2,50,30,000

1,28,75,000

4,20,20,000

1,69,90,000

iii) Investment Allowance Reserve:

As per last Balance Sheet

75,00,000

Add: Amount transferred from
Profit & Loss Account

2,40,00,000

75,00,000

3,15,00,000

75,00,000

iv) Profit & loss Account:

4,725

4,825

8,19,34,725

3,29,04,825

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'C'

SECURED LOANS:

(A) WORKING CAPITAL LOANS:

From Banks:

Secured against pledge and/or hypothecation of the stock of finished goods, raw materials, stock-in-process, spares and stores, books debts, claims and bills, both present and future and guaranteed by the Managing Directors, Executive Directors and one of the other Directors of the Company in their personal capacity

Interest accrued and due on above

17,51,11,407

5,68,669

17,56,80,076

7,07,85,767

7,30,035

7,15,15,802

(B) TERM LOANS:

(I) From Banks:

i) Syndicate Bank

29,00,000

96,00,000

Interest accrued and due on above

—

1,30,192

(ii) syndicate Bank, Bank, of Baroda and Canara Bank

1,99,56,572

—

2,28,56,572

97,30,192

(II) From Others:

i) Industrial Credit & Investment Corporation of India Ltd. (in foreign currencies)

4,60,91,512

1,69,27,945

ii) Industrial Development Bank of India

1,38,00,000

66,97,000

iii) Industrial Finance Corporation of India

80,00,000

50,00,000

Interest accrued and due on above

—

1,88,978

iv) General Insurance Corporation & its subsidiaries .

15,00,000

—

v) Life Insurance Corporation of India (Bridge Loan)

1,00,00,000

—

7,93,91,512

2,88,13,923

27,79,28,160

11,00,59,917

DEFERRED PAYMENT LIABILITIES:

i) To foreign Machinery suppliers

(guaranteed by Syndicate Bank, Bank of Baroda and Canara Bank)

93,17,033

1,15,16,138

ii) To indigenous machinery suppliers (guaranteed by Syndicate Bank)

77,89,703

1,60,54,089

1,71,06,736

2,75,70,227

1,71,06,736

2,75,70,227

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'C' : (Contd.)

SECURED LOANS : (Contd.)

of the above:

1. Loans from Banks, Industrial Development Bank of India, Industrial Credit & Investment Corporation of India, Industrial Finance Corporation of India, General Insurance Corporation and its subsidiary companies, and deferred payment liabilities guaranteed by the Banks are secured on pari-passu basis by joint equitable mortgage of all the Company's immoveable properties, both present and future, by way of deposit of title deeds and charge by way of hypothecation on the present and future immoveable and moveable assets of the Company, subject to prior charge in favour of the company's Bankers, on specific items of plant and machinery (as mentioned in clause 2 below) and moveable assets.
2. Loans from Syndicate Bank, Bank of Baroda and Canara Bank amounting to Rs. 1,99,56,572/- are secured by way of prior charge, being hypothecation of specific items of plant and machinery.
3. Loans from Life Insurance Corporation of India is secured against irrevocable guarantee of Syndicate Bank, who in turn, are having equitable mortgage on pari-passu basis along with the Banks and financial institutions as mentioned in (1) above to be adjusted against sanctioned loans of Rs. 125 lakhs, pending execution of the Mortgage Deed.
4. In the previous year, the loans from the financial institutions and the deferred payment liabilities were secured by irrevocable guarantees by Syndicate Bank, who in turn, were having the equitable mortgage on all the assets of the Company.
5. The Financial Institutions, in lieu of their advancing term loans of Rs. 470 lacs, are entitled to convert 20% thereof into Equity shares of the Company at par to the extent of Rs. 94 lacs before 30th September, 1980, subject to the approval of the shareholders of the Company.

SCHEDULE 'D'

UNSECURED LOANS:

1. Fixed Deposits
2. From Unit Trust of India received by way of advance deposit towards debentures to be issued
3. From Banks:
Overdrawn balances (as per books of accounts) in current account with Scheduled Banks (since cleared)

As at
31st December,
1978
Rs.

3,20,18,000

35,00,000

35,23,889

3,90,41,889

As at
30th September,
1977
Rs.

35,00,000

28,54,881

63,54,881

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCESHEET

SCHEDULE 'E'

FIXED ASSETS:

GROSS BLOCK (AT COST)					DEPRECIATION			NET BLOCK			
51. No.	Nature of Fixed Assets	Cost as at 30-9-77	Additions	Deductions	Balance as on 31-12-78	To 30-9-77	Deductions	For the period	Total	As at 31-12-78	As at 30-9-77
1	Goodwill	1,26,24,281	—	—	1,26,24,281	—	—	—	—	1,26,24,281	1,26,24,281
2	Leasehold land	29,33,223	21,77,963	—	51,11,186	—	—	—	—	51,11,186	29,33,223
3	Freehold land	4,84,750	—	3,35,530	1,49,220	—	—	—	—	1,49,220	4,84,750
4	Buildings	2,99,79,569	1,09,99,828	22,97,015	3,86,82,382	9,96,690	60,028	8,42,289	17,78,951	3,69,03,431	2,89,82,879
5	Plant & Machinery	10,96,41,251	12,03,55,588	1,13,426	22,98,83,413	2,27,49,803	28,864	3,20,17,751	5,47,38,690	17,51,44,723	8,68,91,448
6	Electric Installation	51,90,956	26,85,066	—	78,76,022	3,34,831	—	3,13,071	6,47,902	72,28,120	48,56,125
7	Furniture & Fixtures	62,88,286	33,51,414	8,859	96,30,841	4,26,131	698	4,66,370	8,91,803	87,39,038	58,62,155
8	Factory Equipment	12,93,157	15,29,366	—	28,22,523	77,223	—	1,12,195	1,89,418	26,33,105	12,15,934
9	Vehicles	15,56,718	7,86,134	64,722	22,78,130	2,62,761	9,932	2,21,447	4,74,276	18,03,854	12,93,957
		16,99,92,191	14,18,85,359	28,19,552	30,90,57,998	2,48,47,439	99,522	3,39,73,123	5,87,21,040	25,03,36,958	14,51,44,752
	Previous Year	12,78,90,383	4,23,76,464	2,74,656	16,99,92,191	1,14,10,111	13,308	1,34,50,636	2,48,47,439	14,51,44,752	11,64,80,272

NOTE: 1) The figure of "Additions to Plant & Machinery" includes Rs. 34,09,489/- being machinery-awaiting/under- installation.
2) The figure of "Additions to Buildings" includes Rs. 3,33,702/- being Building-under-construction.
3) The figure of "Buildings" as on 31-12-78 includes Rs. 3,97,535/- being cost of ownership premises for office in Co-operative Societies.

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SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'F'

SCHEDULE 'F'		As at 31st December, 1978	As at 30th September, 1977
	Rs.	Rs.	Rs.
INVESTMENTS: (at cost)			
<u>In Government Securities:</u>			
Unquoted:-			
12 years National Defence Savings certificates of the face value of Rs. 4,000/- (Deposited with Central Excise Collectorate and Post & Telegraph Department)	4,000		5,000
7 years National Savings Certificates of the face value of Rs. 4,100/- (Out of which certificate of Rs. 2,000/- deposited with Central Excise Collectorate authorities)	4,100		4,100
	<hr/>	8,100	<hr/>
			9,100
<u>In Shares:</u>			
(A) <u>Quoted -</u>			
6,800 Equity Shares of Housing Development Financial Corporation of India Ltd., of Rs. 100/- each, Rs. 50/- per share paid up. (Market value Rs. 3,57,000/-)		3,40,000	
(B) <u>Unquoted:</u>			
i) <u>Trade Investments:</u>			
6 Equity Shares of New Piece Goods Bazar Co. Ltd. of Rs. 1,000/- each, fully paid up.	17,000		17,000
5 Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouses Society Ltd., of Rs. 200/- each, fully paid up.	1,000		1,000
165 Shares of Synthetic and Art Silk Mills Co-operative Society Ltd., of Rs. 100/- each, Rs. 75/- per share paid up	12,375		4,125
225 Shares of Crimpers Industrial Co-operative Society Ltd., of Rs. 100/- each, Rs. 25/- per share paid up	5,625		5,625
ii) <u>Others:</u>			
10 Shares of New Usha Kiran Co-operative Housing Society Ltd., of Rs. 100/- each, fully paid up	<hr/>		<hr/>
		36,000	
		<hr/>	<hr/>
		3,84,100	
		<hr/>	<hr/>
			28,750
			<hr/>
			37,850
			<hr/>

	As at 31st December, 1978	As at 30th September, 1977
<u>INVESTMENTS:</u> (at cost)	<u>Book Value</u> <u>Market Value</u>	<u>Book Value</u> <u>Market Value</u>
<u>Aggregate Value of</u>		
Quoted Investments	3,40,000	3,57,000
Unquoted Investments	44,100	—
	<u>3,84,100</u>	<u>37,850</u>

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'G'

CURRENT ASSETS

	As at 31st December, 1978		As at 30th September, 1977	
	Rs.	Rs.	Rs.	Rs.
i) <u>Stock of Stores, Dyes and Chemicals and spare parts:</u> (at cost) (Certified and valued by the Managing Director)		1,95,25,433		1,21,13,814
ii) <u>Stock-in-trade:</u> (at cost) (Certified and valued by the Managing Director)				
Raw Materials	5,48,53,843		1,74,14,348	
Stock-in-transit	1,82,12,340		32,99,691	
Stock-in-process	6,00,62,241		2,94,67,877	
Finished Goods	10,20,44,557		5,41,85,612	
Others	6,31,772		51,52,423	
		23,58,04,753		10,95,19,951
iii) <u>Cost of Import Entitlements:</u> (Under Export Promotion Scheme)		28,87,802		35,71,064
iv) <u>Sundry Debtors:</u> (Unsecured, considered good, save and except otherwise stated, subject to confirmation)				
i) <u>Debts for a period exceeding six months:</u>				
Considered Good	1,20,86,461		56,27,775	
Considered Doubtful	4,97,199		6,22,941	
		1,25,83,660		62,50,716
Less: Provision for Doubtful Debts	4,97,199		6,22,941	
		1,20,86,461		56,27,775
ii) <u>Others:</u> (Please refer Note No. 23 in Schedule 'N')		5,62,72,198		4,26,23,496
v) <u>Cash & Bank Balances:</u>		6,83,58,659		4,82,51,271
Cash on hand	10,59,204		3,11,762	
In Current Account with Scheduled Banks	67,90,161		10,73,815	
		78,49,365		13,85,577
		33,44,26,012		17,48,41,677

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'H'

LOANS & ADVANCES:

(Unsecured, considered good)

	As at 31st December, 1978 Rs.	As at 30th September, 1977 Rs.
Advances recoverable in cash or kind or for value to be received	64,11,868	63,211,131
Advance against Capital Expenditure	54,98,818	9,66,590
Advance Income-tax (including Rs. 18,6171- Tax deducted at source)	1,74,768	1,67,239
Advances and loans to Employees: (including to the Officers Rs. 3,31,356/- Previous year Rs. 2,36,033/-.) Maximum Debit Balance at any time during the year Rs. 10,46,210/- (Previous year Rs. 4,75,724/-.)	15,62,553	12,05,296
Loans to Others	2,73,304	---
Prepaid Expenses	1,93,338	1,12,838
Sundry Deposits	23,01,012	3,55,140
	1,64,15,661	91,28,234

SCHEDULE 'I'

CURRENT LIABILITIES & PROVISIONS:

A. CURRENT LIABILITIES:

Sundry Deposits received	31,94,589	15,23,871
Sundry Creditors	10,47,32,730	7,77,54,810
Unclaimed Dividend	5,02,089	23,115
Interest accrued but not due on loans	19,21,063	23,217

B. PROVISIONS:

Provision Taxation	35,00,000	15,00,000
Proposed Dividend	91,89,750	89,26,650
	12,30,40,221	8,97,51,663

Reliance Textile Industries Limited

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'J'

OTHER INCOME:

Incentives, Assistance & Drawbacks on Exports received
Processing & Crimping charges received
Interest received (Gross)
(Tax deducted at source Rs. 6,546/-)
Dividend received (Gross)
(Tax deducted at source Rs. 86/-)
Miscellaneous Receipts

Current Period
(15 Months)
Rs.

Previous Year
1977
Rs.

1,46,83,264
26,68,518

46,064
375
22,46,618

1,96,44,839

1,87,47,528
1,350

7,960
300
17,21,069

2,04,78,207

SCHEDULE 'K'

VARIATION IN STOCKS:

Stock-in-trade: (at close)

Finished Goods
Stock-in-process
Others

10,20,44,557
6,00,62,241
6,31,772

16,27,38,570

Previous Year
Rs. Rs.
5,41,85,612
2,94,67,877
51,52,423

8,88,05,912

Stock-in-trade: (at commencement)

Finished Goods
Stock-in-process
Others.

5,41,85,612
2,94,67,877
51,52,423

8,88,05,912

7,39,32,658

4,64,30,587
2,77,13,334
73,18,457

8,14,62,378

73,43,534

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SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'L'

	Current Period (15 Months)		Previous Year	
	Rs.	Rs.	Rs.	Rs.
MANUFACTURING & OTHER EXPENSES:				
<u>Raw Materials Consumed:</u>				
Stock at Commencement	1,74,14,348		1,52,69,123	
Add: Purchases	63,01,39,143		28,39,93,459	
	64,75,53,491		29,92,62,582	
Less: Stock at Close	5,48,53,843		1,74,14,348	
	59,26,99,648		28,18,48,234	
<u>Manufacturing Expenses:</u>				
Carriage Inward	24,58,010		13,67,857	
Stores and spare parts consumed	1,63,43,183		88,21,523	
Dyes & Chemicals	3,91,91,662		2,38,74,814	
Electric, power, fuel and water	1,93,50,884		1,17,17,251	
Machinery repairs	25,90,598		12,05,558	
Factory building repairs	18,09,952		16,74,513	
Labour, processing and Machinery hire charges	1,52,64,439		82,11,648	
Excise Duty paid on crimped yarn	1,21,59,967		94,25,448	
	10,91,68,695		6,62,98,612	
<u>Payments to and provisions for employees:</u>				
Salaries, Wages and Bonus	3,58,64,319		1,89,92,330	
Contribution to Employees' State Insurance Scheme, Provident Fund, Family Pension Scheme, Labour Welfare Fund etc.	36,01,799		19,88,203	
Contribution to Gratuity and Superannuation Fund	11,34,103		7,11,114	
Employees' Welfare and other amenities	22,52,175		11,18,193	
	4,28,52,396		2,28,09,840	
<u>Sales and Distribution Expenses:</u>				
Samples, Sales promotion and Advertisement expenses	1,74,10,835		94,73,710	
Brokerage and commission	66,15,454		37,28,286	
Export expenses	42,44,740		30,88,894	
Packing expenses	1,52,34,602		78,15,079	
Carriage outward	26,50,839		9,75,332	
Warehousing charges	4,24,199		1,41,968	
Sales Tax paid (of earlier years)	77,930		—	
	4,66,58,599		2,52,23,269	
Carried forward	79,13,79,338		39,61,79,955	

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE PROFIT & LOSS ACCOUNT

SCHEDULE 'L' (Contd.)

<u>MANUFACTURING & OTHER EXPENSES: (Contd.)</u>	Current Period (15 Months)		Previous Year	
	Rs.	Rs.	Rs.	Rs.
Brought forward		79,13,79,338		39,61,79,955
<u>Establishment Expenses :</u>				
Insurance charges	13,59,981		10,47,598	
Rent	1,85,918		88,038	
Payment to Auditors:-				
(a) As audit fees	75,000		50,000	
(b) As remuneration for certification and consultation in finance matters	50,000		39,000	
(c) Out-of-pocket expenses reimbursed and/or incurred by the Company	69,696			
	1,94,696		58,098	
Travelling expenses (including Rs. 2,45,903/- for Directors)	23,77,796		20,36,343	
General Expenses	1,47,64,619		56,92,813	
Guarantee Commission	13,43,672		7,89,775	
Other Repairs	11,19,374		4,91,711	
Rates and Taxes	83,006		61,524	
Charity & Donation	17,48,622		3,37,174	
		2,31,77,684		1,06,92,074
		<u>81,45,57,022</u>		<u>40,68,72,029</u>

SCHEDULE 'M'

<u>INTEREST PAID:-</u>	Current Period (15 Months)		Previous Year 1977	
	Rs.	Rs.	Rs.	Rs.
On Fixed Loans	1,11,67,412		52,03,281	
On Fixed Deposits	25,14,219		—	
On Other Accounts	3,58,08,987		2,23,02,372	
		<u>4,94,90,618</u>		<u>2,75,05,653</u>

NOTES AND CONTINGENT LIABILITIES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED 31ST DECEMBER, 1978

SCHEDULE 'N'

1. During the year, the Company has changed its accounting year from 30th September 1978 to 31st December 1978, after obtaining prior approval of the concerned authorities. Accordingly, the current financial year is for fifteen months, whereas the previous financial year was for twelve months. The previous year's figures are therefore not strictly comparable with those of the current financial year.
2. The previous year's figures have been regrouped and/or rearranged wherever necessary.
3. Depreciation is provided in accounts in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956.
4. Liability for retiring gratuity payable to employees of the Company upto 31st December, 1978, has been determined by actuarial valuation at Rs. 16,30,400/- and necessary provision has been made in the accounts of the Company for the same. The Gratuity Scheme of the Company has been approved of by the Income Tax Department.
5. The Company follows the practice of accounting on cash basis in respect of i) Export Incentives and other claims ii) Drawback on return of cops iii) Interest on investments iv) Interest, discount charges, etc., recoverable on over-due bills.
6. The Company follows the practice of writing off the cost of loose tools in the year of purchase.
7. Sales tax assessment of the Company has been completed as under:-
 - a) Upto accounting year 1973-74 in respect of Bombay Office.
 - b) Upto accounting year 1974-75 in respect of Ahmedabad Office.
 - c) Upto accounting year 1975-76 in respect of Delhi Office.

The Company does not expect any further liability for pending assessments.

8. The Income-tax assessment of the Company is completed upto the assessment year 1976-77. The

assessment of the amalgamating Company for assessment year 1976-77 has recently been completed. The Company has raised objections against draft assessment order for the said year under section 144-B of the Income-tax Act, before appropriate authorities. The assessments for some of the earlier years of the amalgamating Company have been reopened by the Income Tax Department. However, the Company does not expect any further liability in this respect in view of judgement of High Courts in the matter relating to section 80-J of Income Tax Act, 1961. Provision for taxation for the current period is made after taking into account depreciation, investment allowance and claim for export arket development allowance as would be admissible under the Income Tax Act.

9. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate, and neither in excess of, nor short of the amount reasonably necessary.
10. During the period, the Company has acquired new plots of land at Ahmedabad as well as at Pandesara, Surat, from Gujarat Industrial Development Corporation against allotment letters for which conveyance and/or lease deeds are yet to be executed. Pending the execution of these documents, value of plots as provisionally determined, is debited to "Land Account".
11. The Company has sold a residential flat with garages acquired in the previous year at New Usha Kiran Co-operative Housing Society Ltd., to a Director of the Company in whose name it was registered with the said Co-operative Society, since the transfer in the name of the Company was not permitted. A residential bungalow at Ahmedabad used by the joint Managing Director has been agreed to be sold to him. Pending the completion of the sale and execution of necessary conveyance deed, the sale .has been recorded in the accounts. The Company has made an aggregate profit of Rs. 6,18,930/- in respect of these two sales.

12. Foreign Exchange Loan availed of during the year from Industrial Credit and Investment Corporation

Reliance Textile Industries Limited

SCHEDULE 'N' : (Contd.)

of India Ltd., towards purchase of imported machineries has been booked in terms of Indian Rupees at the Exchange Rate prevailing as on the last day of the accounting year. In respect of loans taken from the said Company in the past, no adjustment has been made, for any variation, if any, due to fluctuations in the rates of exchange. The Company has been following the practice of writing off such differences when repayments of instalments fall due.

13. The Company had, in the previous year, received by way of advance deposit, carrying interest at the rate of 14% per annum (previous year at the rate of 15% per annum) a sum of Rs. 35 lakhs from Unit Trust of India towards debentures to be privately placed, carrying interest at the rate of 11 % per annum. The same will be issued on execution of debenture deed.

14. During the year, the Company has issued, on 16th March, 1978, 30,000 - 11 % Cumulative Redeemable Preference Shares of Rs. 100/- each to General Insurance Corporation of India and its subsidiaries, pursuant to the consent received from the Controller of Capital Issues, New Delhi.

15. The figures of "Secured Loans" and "Unsecured Loans" include Rs. 2,06,92,564/- and Rs. 49,92,000/ respectively due to be paid within a period of one year from the date of Balance Sheet.

16. The figure of "Sundry Creditors" includes Rs.1,12,48,945/- on account of outstanding pay ments due for purchase of capital assets.

17. The figure of "Sales" has been arrived at after adjusting:-

	1977-78	1976-77
	Rs.	Rs.
1. Excise Duty paid	2,53,90,935	1,14,99,339
2. Sales Tax	1,03,03,072	64,15,785

18. During the current year, the Company has sold at cost certain goods costing Rs. 3,38,141/- to a firm in which some of the Directors are interested as partners against advance receipts.

19. In the Profit& Loss Account payments amounting to Rs.24,40,894/- and adjustment in the Sales account amounting to Rs. 1,65,035/- aggregating to Rs. 26,05,029/- (Previous year Rs. 9,99,332/-) pertaining to the previous year, have been debited under relevant heads. Similarly, income and stock difference of Rs.21,52,468/- (Previous year Rs. 1,00,500/-) pertaining to previous year have been credited under respective heads.

20. Interim Dividend to the extent of Rs. 3,50,000/- required to be deposited in a separate Bank account was deposited after the prescribed time limit. Similarly, bank accounts to be styled as "Unpaid Dividend Account of Reliance Textile Industries Limited", for unpaid final dividend of last year and for unpaid interim dividend of the current year, as required under section 205-A(i) of the Companies Act, 1956, were opened after the end of the time limit.

21. During the current period, in order to meet with the requirements of the financial institutions of getting its shares listed on two recognised Stock Exchanges, the Company requested the promoter-shareholders to release a part of their shareholdings to the public by way of offer for sale at par, and in lieu thereof, the Company agreed to bear the incidental expenses to the extent of Rs. 35 lakhs. In this regard, the total expenditure amounted to Rs. 33,10,381/-, which has been included under the head "General Expenses". The said amount included Rs. 30,000/- paid to Auditors for certification work in this connection.

22. The figure of "SundryDeposits Paid" (appearing under the head "Loans and Advances") includes the following amounts paid to Companies under the same management, and to a firm in which some of the Directors of the Company are interested as partners, pursuant to the contracts with them in regard to hire of their plant and machinery to the Company:-

Name of the Companies	Amount Rs.	Maximum Amount during the period Rs.
1. Anil Fabrics Ltd.	3,00,000	3,00,000
2. Nina Textile Industries limited	3,00,000	3,00,000
3. Dipti Textile Industries Limited	1,50,000	1,50,000
4. Reliance Commercial Corporation	8,550	8,550

23. The figure of "SundryDebtors" includes Rs. Nil due from Reliance Exports Limited and Vimal Fabrics Limited, being the Companies under the same management - maximum debit balance due at any time during the period Rs. 31,38,440/- and Rs. 68,86,849/ respectively - Previous Year Rs. NIL and Rs. 40,79,501/- respectively and Rs. NIL due from a Company in which a Director of the Company is interested as a Director (Previous Year Rs. 7828/-) Maximum amount due at any time during the period Rs. 7828/- (Previous Year Rs. 7828/-).

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SCHEDULE 'N': (Contd.)

24. The Company has been advised that the computation of net profit (for the purpose of calculation of Directors' remuneration under Section 349 of the Companies Act, 1956) need not be enumerated, since no commission has been paid to the Directors and only the minimum remuneration has been paid to the Directors as per approval of the Central Government received under Section 198 and Section 309 of the Companies Act, 1956.

25. The details regarding managerial remuneration paid and/or provided to the Managing Directors and Executive

	1977-78 Rs.	1976-77 Rs.
A) Managing & joint Managing Directors:		
1. Salaries	1,20,000	96,000
2. Contribution to Provident Fund and Superannuation Fund	30,000	24,000
3. Medical benefits	7,521	3,028
4. Provision for gratuity (as per actuarial-valuation)	4,170	3,800
5. Perquisites	30,000	23,133
B) Executive Directors:		
1. Salaries	1,35,000	1,08,000
2. Contribution to Provident Fund	33,750	27,000
3. Medical benefits	7,567	1,143
4. Provision for Gratuity (as per actuarial valuation)	4,140	3,780
5. Perquisites	22,500	18,000

26. **CONTINGENT LIABILITIES:**

	As at 31st December, 1978 Rs.	As at 30th September, 1977 Rs.
a) Estimated Capital Expenditure commitment not provided for (advance against the same Rs. 54,98,818/-, previous year Rs. 9,66,590/-)	1,08,49,738	4,91,76,000
b) Counter guarantee given to the bankers in respect of guarantee furnished by the Bank	10,88,46,346	8,82,71,675
c) Bond executed in favour of Excise and Customs Authorities	18,86,23,000	18,65,70,000
d) Bills discounted with the Banks and outstanding	10,12,88,869	5,16,85,599
e) Uncalled liability on shares partly-paid	3,61,000	29,250
f) Claims against the Company not acknowledged as debts	99,000	—

Reliance Textile Industries Limited

SCHEDULE 'N' : Contd.)

27. DETAILS REGARDING LICENSED AND INSTALLED CAPACITY TO MANUFACTURE ART SILK FABRICS ETC.

a) licensed Capacity:	1977-78	1976-77
Looms	450	450
Knitting Machines (As per Textile Commissioner's Permit)	22	22
b) Installed Capacity:		
(As certified by the Management)		
Looms	450	450
Knitting Machines	22	22
Crimping and Twisting Machines	61	33

28. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS:

	Unit	Current Period (15 Months)		Previous Year (12 Months)	
		Qty.	Amount Rs.	Qty.	Amount Rs.
(a) OPENING STOCK:					
Yarn	Kgs.	2,36,230	1,24,92,833	2,90,551	2,42,01,141
Fabrics	Mtrs.	24,59,303	4,68,45,200	18,36,854	2,95,30,004
Viscose Staple	Kgs.	—	—	2,373	17,899
Stock-in-process	Mtrs.	26,66,587	2,94,67,877	25,28,652	2,77,13,334
(b) CLOSING STOCK:					
Yarn	Kgs.	1,95,142	2,24,05,455	2,36,230	1,24,92,833
Fabrics	Mtrs.	34,88,671	8,02,70,874	24,59,303	4,68,45,200
Stock-in-process	Mtrs.	37,97,929	6,00,62,241	26,66,587	2,94,67,877
(c) PURCHASES :					
Yarn	Kgs.	9,55,745	13,11,17,060	10,94,003	13,05,40,237
Fabrics	Mtrs.	79,52,378	12,77,92,015	79,93,373	7,22,55,884
Polyester Fibre	Kgs.	27,382	17,24,157	—	—
Sea Foods	Lbs.	45,82,046	6,82,26,908	4,11,950	1,19,17,759
laces	Boxes	10,126	1,48,333	—	—
Dyes and Chemicals	Kgs.	—	—	10,000	30,38,000
Cotton Pieces/Garments	Pcs.	—	—	54,902	10,66,909
Viscose Staple	Kgs.	—	—	3,383	21,795
Sundries	—	—	6,668	—	—
(d) SALES :					
Yarn	Kgs.	30,26,180	45,73,36,426	22,63,987	31,56,08,779
Semi-finished Fabrics	Mtrs.	19,90,000	4,98,29,150	—	—
Fabrics	Mtrs.	2,87,79,227	62,61,12,365	2,07,51,623	33,81,82,721
Polyester fibre	Kgs.	27,382	18,53,761	—	—
Sea Foods	Lbs.	45,82,046	6,57,90,857	4,11,950	1,15,84,407
laces	Boxes	10,126	1,57,444	—	—
Dyes & Chemicals	Kgs.	—	—	10,000	28,00,000
Cotton Pieces/Garments	CS.	—	—	54,902	10,81,046
Viscose Staple	Kgs.	—	—	5,756	86,908
Sundries	—	—	10,982	—	—

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SCHEDULE 'N' (Contd.)

	Unit	Current Period (15 Months)		Previous Year (12 Months)	
		Qty.	Rs.	Qty.	Rs.
(e) RAW MATERIALS CONSUMED:					
Yarn	Kgs.	41,26,843	40,94,39,531	22,54,486	18,66,58,363
Fabrics (Grey)	Mtrs.	1,26,68,428	18,32,60,117	60,89,677	9,51,89,871

29. PRODUCTION:

	Unit	Current period (15 Months)	Previous year (12 Months)
Crimped Yarn (including twisted yarn)	Kgs.	27,61,442	17,62,983
Fabrics	Mtrs.	2,38,46,217	1,33,80,699

30. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF:

	Current Period (15 Months) Rs.	Previous Year (12 Months) Rs.
i) Yarn (including Rs. 1,63,43,932/- through STC - Previous year Rs. 32,27,775/-)	8,81,21,985	3,50,05,689
ii) Dyes & Chemicals and Spareparts and Stores	48,15,411	15,99,228
iii) Capital Goods	5,69,78,800	1,54,18,523

31. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:

Interest (paid to ICICI) on account of foreign exchange loans	50,52,882	29,06,489
Other matters (including commitment charges Rs. 1,95,428/- paid to ICICI-Previous year Rs. 35, 706/-)	8,12,425	4,03,098

32. VALUE OF RAW MATERIALS CONSUMED:

	Rupees	% of total consumption	Rupees	% of total consumption
Imported	30,33,40,508	51.18	14,80,02,485	52.51
Indigenous	28,93,59,140	48.82	13,38,45,749	47.49
	<u>59,26,99,648</u>	<u>100.00</u>	<u>28,18,48,234</u>	<u>100.00</u>

33. VALUE OF DYES AND CHEMICALS, STORES AND SPARE PARTS CONSUMED:

	Rupees	% of total Consumption	Rupees	% of total consumption
Imported	79,83,799	14.38	36,60,301	11.19
Indigenous	4,75,51,046	85.62	2,90,36,036	88.81
	<u>5,55,34,845</u>	<u>100.00</u>	<u>3,26,96,337</u>	<u>100.00</u>

Reliance Textile Industries Limited

SCHEDULE 'N' (Contd.)

34. EARNING IN FOREIGN EXCHANGE:

Export of goods on F.O.B. basis

Current Period
(15 Months)

Rs.

12,27,00,472
(Net)

Previous Year
(12 Months)

Rs.

6,21,41,217
(Net)

35. a) Break-up of expenditure incurred on employees who were employed throughout the period and were in receipt of remuneration for the period which in aggregate was not less than Rs. 36,000/- per annum

Number of employees

57

Salaries & Bonus

27,40,973

Contribution to Provident Fund & Superannuation Fund

6,33,567

Other Perquisites

4,14,473

29

11,97,182

2,79,704

2,12,290

b) Break-up of expenditure incurred on employees who were employed for a part of the period and were in receipt of remuneration for any part of the period at a rate which in aggregate was not less than Rs. 3,000/- per month

Number of employees

14

Salaries & Bonus

2,99,356

Contribution to Provident Fund and Superannuation Fund

62,364

Other Perquisites

45,632

14

2,52,454

36,706

73,908

As per our Report of even date

For **RAJENDRA & Co.,**
Chartered Accountants,

For **CHATURVEDI & SHAH,**
Chartered Accountants,

V. M. AMBANI
Secretary

D. H. AMBANI
Chairman & Managing Director

R. H. AMBANI
Joint Managing Director.

R. J. SHAH.
Proprietor

D. CHATURVEDI.
Partner.

K. GOPAL RAO
J. R. SHAH
M. L. BHAKTA
K. S. SHENOY
N. H. AMBANI
R. C. PATEL
R. L. MESWANI
M. D. AMBANI } Directors

BOMBAY:
Dated: 3rd April, 1979.

BOMBAY:
Dated: 3rd April, 1979

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Reliance Textile Industries Limited

On February 11, 1966, Reliance Textile Industries was born. It started with a capital outlay of Rs. 15 lakhs. it was housed in a small 1672 sq. mt. building. The total equipment comprised of four warp knitting machines and a dyeing section. The new company employed only 70 people.

On February 11, 1978, Reliance Textile Industries became a 12-year old company. It also became:

- India's leading exporter of sophisticated synthetic fabrics to over 50 countries of the world;
- India's most modern synthetic mill with all operations under one roof and
- India's only textile mill with an unprecedented growth record.

Today Reliance Textile Industries Limited employs over 4200 people. Besides having the most modern plant and machinery, the company has some of the finest technologists in the country-specialists in the manufacture and processing of synthetic yarn; technicians who can crimp, twist, double and dye yarn which can be knitted or woven into the inimitable range of Vimal fabrics; weaving and knitting technicians who understand stretch yarn and convert it into fascinating fabric; Chemical, Civil & Mechanical Engineers and printing technologists whose skill has been acknowledged world wide.

Leading this fine band of profession is a team of Directors, each one a specialist in his own field-finance, production, labour relations, marketing and exports. The result : a fabric of international reputation - Vimal; and a company of unparalleled growth - Reliance Textile Industries Limited.